

## Message Text

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PAGE 01 CARACA 01449 102126Z

ACTION ARA-10

INFO OCT-01 ISO-00 EB-08 /019 W

-----110335Z 129914 /64

R 102110Z FEB 77

FM AMEMBASSY CARACAS

TO USDOC WASHDC

INFO SECSTATE WASHDC 6565

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PASS TO OED/MEPD AND OIM

E.O. 11652: N/A

TAGS: BENC, VE

SUBJECT: MAJOR PROJECT: GURI DAM

REF: CARACAS 574

(1) DURING COURSE OF VISIT BY STEPHEN CONGER, DIRECTOR, MAJOR EXPORT PROJECTS DIVISION, ON INGENIERO ALBERTO ALAZRACHI, GERENTE DE LA DIVISION DE PLANIFICACION Y OBRAS DE TRANSMISION DE ELECTRIFICACION DEL CARONI C.A. (EDELCA), THE LATTER MADE FOLLOWING COMMENTS REGARDING THE STATUS OF THE BIDDING ON THE GURI DAM. THE PROBLEM WITH ALL OF THE US BIDS, MORRISON-KNUDSEN, DRAVO AND ATKINSON, IS THAT THEY WERE MADE ON A BASIS OF TARGET ESTIMATES AND WERE NOT RESPONSIVE TO THE FIXED PRICE BASIS REQUIRED BY EDELCA. LEGAL REQUIREMENTS GIVE NO LATITUDE TO EDELCA IN DETERMINING THE BID WINNER. THE LOWEST, FULLY QUALIFIED, BIDDER MUST RECEIVE THE CONTRACT, NOTWITHSTANDING ALAZRACHI'S AND EDELCA'S PREFERENCE FOR GIVING THE WORK TO A LARGE US FIRM.

(2) THERE WERE SERIOUS PROBLEMS WITH BOTH THE M.K. I. AND DRAVO BIDS. ALAZRACHI TERMED THE LATTER AS "SLOPPY".

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M.K.I. ESTIMATED \$25 MILLION FOR AN EARTHEN DAM WHICH WAS PRICED BY THE OTHER FOUR CONSORTIA AT BETWEEN \$280 AND \$335 MILLION AND ESTIMATED BY HARZA AND BECHTEL AT \$300 MILLION.

(3) RELYING ON THE ABOVE INFORMATION, THE BRAZILIAN CONSORTIUM WOULD SEEM TO BE THE FRONT RUNNER. ALAZRACHI

INSISTS NOTHING HAS BEEN DECIDED YET. A CONSISTENTLY REPEATED RUMOR HAS IT THAT THE BRAZILIAN CONSORTIUM HAS HAD THE PROJECT LOCKED UP FROM THE BEGINNING FOR POLITICAL REASONS. AN EQUALY PERSISTENT ACCOUNT HAS IT THAT THE GOV WILL NEVER PERMIT AWARDING A PROJECT THIS LARGE TO BRAZIL.  
VAKY

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NNN

## Message Attributes

**Automatic Decaptoning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
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**Enclosure:** n/a  
**Executive Order:** N/A  
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**Original Handling Restrictions:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
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EO Systematic Review  
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